

FACTSHEET

THE MANAGER



Kevin Connors

CEO

Kevin Connors has over 25 years of financial services experience and is the Chief Executive Officer of Ibox Capital. Prior to co-founding Ibox Capital, Mr. Connors was the Global Head of FX Sales at BoA Merrill Lynch and a Partner at Goldman Sachs as co-Global Head FX Sales. Before this, he was Global Head of Commodity Trading at UBS Corp., Global Head of Metals Trading at Swiss Bank and an FX options trader at O'Connor & Associate.

Stephen Hull

CIO

Stephen Hull has over 20 years of financial services experience and is responsible for the portfolio management of Ibox Capital. Prior to co-founding Ibox Capital, Mr. Hull was a portfolio manager at Moore Capital for a macro strategy, he was the global currency advisor at Brevan Howard, Global Head of FX Strategy at Morgan Stanley and Head of Macro Strategy at Nomura. Before this, he was a portfolio manager at Semper Macro and a proprietary trader and senior economist at Goldman Sachs.

FUND FACTS

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	\$42.7 million
Inception	1 December 2017
Share Class	Inst Class A/Inst Class A Pooled
Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.25%
Perf. Fee	15%
Min Init. Sub.	5,000,000
ISIN Codes	EUR: IE00BD9PVB09/IE00BD9PVM51 USD: IE00BD9PVL45/IE00BD9PVQ99 CHF: IE00BD9PVK38/IE00BD9PVP82 GBP: IE00BD9PVJ23/IE00BD9PVN68
Share Class	Retail Class Pooled
Currency	EUR/USD/CHF/GBP
Mgt. Fee	2.00%
Perf. Fee	20%
Min Init. Sub.	10,000
ISIN Codes	EUR: IE00BD9PVY73 USD: IE00BD9PW114 CHF: IE00BD9PW007 GBP: IE00BD9PVZ80

Performance Returns

The MontLake Ibox Capital Macro UCITS Fund returned -0.53% net for the month of March in the USD Institutional Class A share class.

Investment Objective & Strategy

The investment objective of the MontLake Ibox Capital Macro UCITS Fund is to provide investors with a positive absolute return in all market conditions. The Fund's returns should not be correlated to major indices and other macro hedge funds with the focus instead on the breadth of the global FX markets.

The Fund will seek to provide an absolute return by identifying and exploiting investment opportunities across currency markets while controlling overall portfolio risk using a highly disciplined investment process.

The investment manager will utilise a diverse set of factors to determine the relative attractiveness of individual currencies and actively take long and short positions in these currencies to achieve the Fund's investment objective. Positions will be extremely liquid and highly transparent.

Monthly Commentary

In March, general risk and FX markets continued to be choppy with sharp price reversals making markets tough to trade. Thus far, major FX breakouts have been largely absent. Cross-asset and cross-FX correlations have also been challenging, at best. Unpredictable correlations are often a predictor of major correlation breaks/changes which precede major, tradeable FX price breakouts. Therefore these tough and unpredictable markets have us enthused about the upcoming months in FX.

As we start April, it is becoming more clear that the escalation of trade wars is bearish risk, increasingly bearish the \$, but not driving yet EMFX. It is very odd for EMFX not to be correlated with general risk sell-offs. What does this mean? It looks like the theme of a #tariff tantrum is finally gaining independent traction. We believe FX is the best product to allocate risk as a reflection of impact from the changing balance of payments and growth between trade warring countries. FX is a pure-play on the #tariff tantrum theme. FX-focused Ibox Capital is very well placed.

There have been and also are some key, growing, and tradeable themes.

Ibox Capital had positive returns short \$/¥ in March, but we have now reduced this long ¥ position. We reduced our long ¥ due to potential late March/early April portfolio outflows. This lack of demand for ¥ can be seen in Chart 1. These outflows were due to foreigners selling Japanese stocks and bonds and also outflows from Japanese buying foreign bonds. Both result in ¥ selling and therefore ¥ weakness. In the latter half of April, we again expect \$/¥ to trade with a high beta to risk assets globally after this seasonal bout of more idiosyncratic performance concludes. Therefore we are already starting to buy ¥ at these better entry levels.

Also to add to the medium/long term bullish ¥ case, JPY has seen increasing allocations from global central banks in Q4 2017, according to the latest data. This change vs Q3 2017 in allocations is shown in Chart 2. While many expected global CBs to buy €, to date they have purchased very cheap ¥ instead. CB allocation to € continues to be a significant market underweight, ~\$300bio, that we are watching closely, but does not stop our believing in shorter term € weakness at this stage.

Elsewhere in G10, we are concerned that EUR gains may have been excessive. The growth data has been disappointing over the last few months for the Eurozone. We think the market could be overly optimistic in the expected path towards ECB monetary policy normalisation. Our next charts both suggest European growth problems. The pace of credit extension (Chart 3) been declining and is no longer a tailwind for domestic demand and therefore growth. This could already be manifesting in growth data as German import growth of nonenergy items has also been tailing off (Chart 4). We are focused on € shorts versus \$, but also £, where we believe that many of the negatives are priced in for Brexit.

UCITS Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2017	-	-	-	-	-	-	-	-	-	-	-	-1.08%	-1.08%
2018	-0.62%	-0.12%	-0.53%	-	-	-	-	-	-	-	-	-	-1.27%

The performance figures quoted above represent the performance of the MontLake Ibox Capital Macro UCITS Fund since launch on the 1 December 2017. These performance figures refer to the past and past performance is not a guarantee of future performance or a reliable guide to future performance.

Monthly Commentary - Charts

Chart #1: Japanese portfolio flows

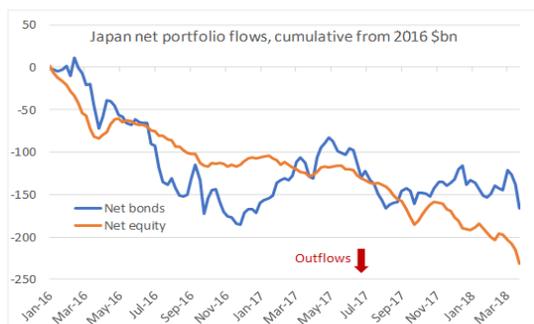


Chart #2: Central bank reserve allocation by currency

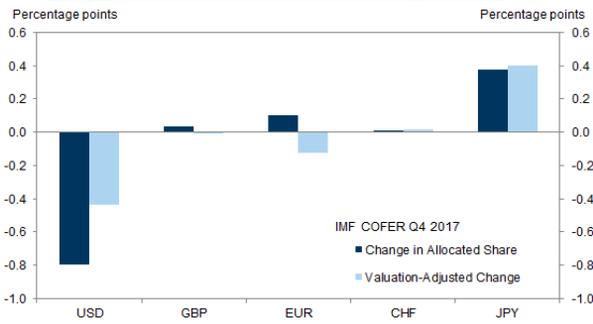


Chart #3: Declining credit impulse in Eurozone

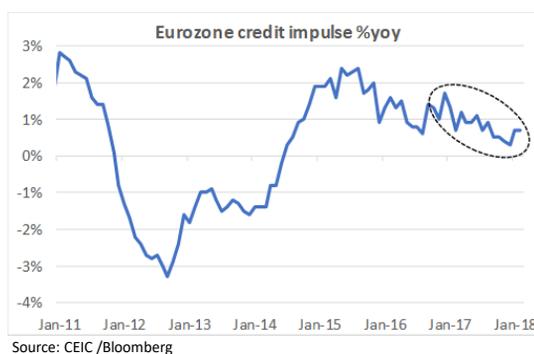
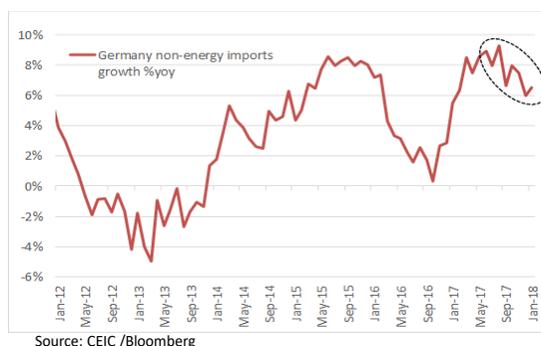


Chart #4: German core import growth declining



Finally, within EMFX, we think that idiosyncratic stories will dominate, more so than 2017. As we mentioned, EMFX is thus far mainly ignoring the #tarifftrium theme, so it can be traded separately from what might otherwise be “risk on, risk off” (RORO) markets. The global backdrop for EM is less risk friendly than last year. This is specifically the case with credit spreads beginning to widen, US quantitative tightening proceeding and growing in magnitude, and the global growth cycle potentially peaking. We continue to look to sell weak broad-balance stories in EM such as TRY. However to demonstrate the idiosyncratic nature of EM, we also see some pockets of value in EM. One such example of value could be KRW, where a possible FX policy change to allow greater appreciation would be a game changer for stronger KRW. A change such as this, especially if duplicated by other Asian countries, would have significant CB reserve recycling impacts that we trade in future months.

Bottom line, we see the balance of 2018 as very exciting times for FX and Ibox Capital.

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